

**Senate Education Committee Amendment No. 1**

**Amendment No. 1 to SB0437**

**McNally**  
**Signature of Sponsor**

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**AMEND Senate Bill No. 437\***

**House Bill No. 787**

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 4, is amended by adding the following as a new part:

§ 49-4-901.

(a) Net proceeds of lottery games conducted by the state shall be used exclusively for the purposes set out in Article XI, Section 5 of the Constitution of Tennessee and the provisions of this act. Such net proceeds shall be used to supplement, not supplant, existing resources for educational purposes, projects and programs.

(b) It is the intent of the general assembly that if there exist net proceeds of lottery games conducted by the state in excess of those allocated to provide financial assistance to citizens of this state to enable such citizens to attend postsecondary educational institutions located in Tennessee, then such excess net proceeds shall be allocated first to early learning programs.

(c) It is further the intent of the general assembly that the scholarship and grant programs established under this part shall not create an entitlement to financial assistance to enable attendance at a postsecondary institution for any student. In the event net proceeds from lottery revenues are insufficient to fund fully the scholarships and grants created by this part, then the Tennessee student assistance corporation (hereinafter referred to as "TSAC") is authorized to review and reduce the amounts to be awarded for such scholarships and grants pro rata.

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§ 49-4-902.

(a) The scholarship and grant programs established by this part shall be administered by TSAC, which shall be responsible for determination of eligibility of students and for the distribution of funds appropriated by the general assembly for scholarships and grants awarded under the program.

(b) The Tennessee higher education commission (hereinafter referred to as "THEC") shall provide assistance to the general assembly and to TSAC by researching and analyzing data concerning the scholarship and grant programs created under this part, including, but not limited to, student success and scholarship retention. THEC shall report its findings annually to the education committee of the senate and the education committee of the house of representatives before the second Tuesday in January.

(c) Postsecondary educational institutions that enroll students receiving scholarships or grants under this part shall provide all information required by TSAC and THEC that is necessary for administering, reviewing, and evaluating such programs. TSAC and THEC shall maintain confidentiality of individual student records in accordance with the Family Educational Right to Privacy Act.

§ 49-4-903.

As used in this part, unless the context otherwise requires:

(1) "Academic year" means a period of time, typically nine (9) months, in which a full-time student is expected to complete the equivalent of at least two (2) semesters of academic work.

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(2) "ACT" means the ACT assessment administered by ACT.

(3) "Adjusted gross income attributable to the student" or "student's adjusted gross income" means:

(A) The adjusted gross income of the student's parent or parents as reported on the student's FAFSA and used by TSAC in determinations of eligibility for federal or state financial aid, if the student is a dependent of a parent or parents; or

(B) The adjusted gross income of the student and, if applicable, the student's spouse as reported on the student's FAFSA and used by TSAC in determinations of eligibility for federal or state financial aid, if the student is financially independent of parents.

(4) "Certificate" or "diploma" means a credential, other than a degree, the receipt of which indicates satisfactory completion of training in a program of study offered by a Tennessee Technology Center operated by the board of regents of the state university and community college system.

(5) "College core curriculum" means the high school courses in the curriculum approved by the state board of education for those students intending to pursue postsecondary education.

(6) "Eligible high school" means:

(A) A Tennessee public secondary school; or

(B) A private secondary school that is located in Tennessee and is accredited by the Southern Association of Colleges and Schools.

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(7) "Eligible postsecondary institution" means an eligible independent postsecondary institution or an eligible public postsecondary institution.

(8) "Eligible independent postsecondary institution" means:

(A) An institution created by testamentary trust for which the state acts by statute as trustee and for which the governor is authorized to appoint commissioners with the advice and consent of the senate and that offers courses leading to undergraduate degrees; or

(B) A Southern Association of Colleges and Schools accredited private postsecondary institution that is located in Tennessee.

(9) "Eligible public postsecondary institution" means:

(A) An institution operated by the board of regents of the state university and community college system; or

(B) An institution in the University of Tennessee system;

(10) "FAFSA" means the Free Application for Federal Student Aid.

(11) "Freshman student" means a student at a postsecondary institution who is in the first two (2) semesters of full-time attendance.

(12) "Full-time student" means a student attending a postsecondary educational institution and enrolled for at least twelve (12) semester hours during each semester of attendance.

(13) "General Assembly Merit Scholarship" means the scholarship that is awarded for academic excellence under § 49-4-916. A "General Assembly Merit

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Scholarship" consists of two (2) parts, a Tennessee HOPE scholarship and a General Assembly Merit Scholar supplemental award.

(14) "GED" means a general educational development credential awarded by a state-approved institution or organization.

(15) "Grade point average" means the numbered grade average calculated using a 4.0 scale.

(16) "Mandatory fees" means fees that are charged by a postsecondary institution to every student enrolled in that institution, regardless of the student's program of study.

(17) "Regional accrediting association" means:

- (A) The Southern Association of Colleges and Schools;
- (B) The New England Association of Schools and Colleges;
- (C) The Middle States Association of Colleges and Schools;
- (D) The North Central Association of Colleges and Schools;
- (E) The Northwestern Association of Schools and Colleges; or
- (F) The Western Association of Schools and Colleges.

(18) "SAT" means the Scholastic Aptitude Test administered by the College Board.

(19) "Semester hour" means the credit hour used by a postsecondary institution, if the institution is on a semester system, or its equivalent, if the institution is on a system other than a semester system. "Semester hour" includes each semester hour attempted, whether remedial or for credit toward a

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degree, but shall not include any semester hour attempted before graduating from high school or earning a GED.

(20) "Tennessee HOPE scholarship" means a scholarship for study in pursuit of an associate or baccalaureate degree at an eligible postsecondary institution that is funded from net proceeds of lottery games conducted by the state and awarded under this part.

(21) "Title IV" means Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C.A. § 1070, et seq.

(22) "Unweighted grade point average" means grade point average on a 4.0 scale calculated without additional points awarded for advanced placement, honors, or other similar courses.

(23) "Wilder-Naifeh technical skills grant" means a grant for study in pursuit of a certificate or diploma at a Tennessee Technology Center operated by the board of regents of the state university and community college system that is funded from net proceeds of lottery games conducted by the state and awarded under this part.

§ 49-4-904.

A student is ineligible for any scholarship or grant described in this part if the student:

(1) Is not a Tennessee citizen;

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(2) Has not complied with United States Selective Service System requirements for registration, if such requirements are applicable to the student;

(3) Is in default on a federal Title IV educational loan or Tennessee educational loan;

(4) Owes a refund on a federal Title IV student financial aid program or a Tennessee student financial aid program;

(5) Is not in compliance with federal drug-free rules and laws for receiving financial assistance;

(6) Is incarcerated; or

(7) Does not meet each qualification relating to the relevant scholarship or grant and applicable to the student.

§ 49-4-905.

(a) To be eligible for a Tennessee HOPE scholarship or a Wilder-Naifeh technical skills grant, a student shall:

(1) Meet Tennessee residency requirements as defined by the regulations promulgated by the board of regents under § 49-8-104;

(2) Have been a Tennessee resident for one (1) year immediately preceding the date of application for a scholarship or grant or the renewal of a scholarship or grant;

(3) Have made application for a Tennessee HOPE scholarship or Wilder-Naifeh technical skills grant; and

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(4) Have filed a FAFSA with TSAC.

(b) To be eligible for a Tennessee HOPE scholarship, a student shall have graduated from high school, completed a home school program meeting all requirements of § 49-6-3050, or obtained a GED after January 1, 2003. The provisions of this subsection shall not apply to those students applying for Wilder-Naifeh technical skills grants.

§ 49-4-906.

To be eligible for a Tennessee HOPE scholarship, a student shall have an adjusted gross income attributable to the student of one hundred thousand dollars (\$100,000) or less. A student whose adjusted gross income exceeds one hundred thousand dollars (\$100,000) is not eligible to receive a Tennessee HOPE scholarship, unless the student qualifies for a General Assembly Merit Scholarship.

§ 49-4-907.

To be eligible for a Tennessee HOPE scholarship as an entering freshman seeking an associate or baccalaureate degree at an eligible postsecondary institution, a student shall:

(1) Meet the requirements of §§ 49-4-904, 49-4-905, and 49-4-906;

(2) Apply for a Tennessee HOPE scholarship and file a FAFSA in the senior year of high school;



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(3) Graduate from an eligible high school after January 1, 2004, upon having completed curriculum requirements of the high school for graduation;

(4) Achieve a final overall unweighted high school grade point average of at least 3.0;

(5) Achieve a final unweighted grade point average of at least 3.0 in the college core curriculum. Such grade point average shall be calculated using all college core courses taken by the student; and

(6) Attain a composite ACT score of 19 on any single ACT test date or a combined SAT score of 890 on any single SAT test date.

§ 49-4-908.

(a) To be eligible for a Tennessee HOPE scholarship, a student, who completed a home school program meeting all requirements of § 49-6-3050 after January 1, 2004, who obtained a GED after January 1, 2004, or who graduated from a high school located in Tennessee that is not an eligible high school after January 1, 2004, shall:

(1) Meet the requirements of §§ 49-4-904, 49-4-905, and 49-4-906;

(2) Attain a composite ACT score of 23 on any single ACT test date or a combined SAT score of 1060 on any single SAT test date;

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(3) Enroll in an eligible postsecondary institution within six (6) months of completing a home school program, obtaining a GED, or graduating from high school;

(4) Attend the eligible postsecondary institution full-time for two (2) semesters without a Tennessee HOPE scholarship;

(5) Maintain satisfactory progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the postsecondary institution in which the student enrolled; and

(6) Achieve a cumulative grade point average of 2.75 at the end of the semester in which the student has attempted a total of twenty-four (24) semester hours.

(b) Such student shall be eligible to receive a retroactive Tennessee HOPE scholarship for such student's freshman year to be paid at the end of the freshman year.

§ 49-4-909.

(a) To be eligible for a Tennessee HOPE scholarship, a student, who graduated from high school after January 1, 2003, who completed a home school program meeting all requirements of § 49-6-3050 after January 1, 2003, or who obtained a GED after January 1, 2003, shall:

(1) Meet the requirements of §§ 49-4-904, 49-4-905, and 49-4-906;

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(2) Attend without a Tennessee HOPE scholarship an eligible postsecondary institution or a postsecondary institution located outside of Tennessee that is accredited by a regional accrediting association full-time for at least one academic year;

(3) Maintain satisfactory progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the postsecondary institution in which the student enrolled; and

(4) Achieve the cumulative grade point average that is required under § 49-4-911 for continuation of a Tennessee HOPE scholarship for the total number of semester hours that the student has attempted at any postsecondary institution attended.

(b) No retroactive award of a Tennessee HOPE scholarship shall be made under this section.

§ 49-4-910.

A student who receives a Tennessee HOPE scholarship and attends an eligible postsecondary institution may transfer to another eligible postsecondary institution without loss of the scholarship; provided, that the student continues to meet all requirements for such scholarship. The scholarship award shall be the award applicable to the eligible postsecondary institution to which the student transferred.

§ 49-4-911.

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(a) To continue to receive a Tennessee HOPE scholarship, a student at an eligible postsecondary institution shall continue to meet all applicable requirements for the scholarship and shall reapply and file a FAFSA with TSAC upon attempting twenty-four (24), forty-eight (48), seventy-two (72), or ninety-six (96) semester hours. A student's adjusted gross income shall be reviewed for continuing eligibility whenever a student reapplies. At the end of semester in which the student has attempted a total of twenty-four (24) semester hours, the student shall have achieved a cumulative grade point average of at least 2.75 to continue to receive the Tennessee HOPE scholarship. Eligibility for the Tennessee HOPE scholarship shall also be reviewed at the end of the semester in which a student has attempted a total of forty-eight (48), seventy-two (72), or ninety-six (96) semester hours. At the end of the semester in which the student has attempted a total of forty-eight (48), seventy-two (72), or ninety-six (96) semester hours, the student shall achieve a cumulative grade point average of at least 3.0 to continue to receive the scholarship for the following academic year.

(b) If a student ceases to be eligible for a Tennessee HOPE scholarship at any time for any reason, then the student shall not be able to regain the Tennessee HOPE scholarship.

§ 49-4-912.

(a) The receipt of a Tennessee HOPE scholarship is contingent upon admission to an eligible postsecondary institution. The receipt of a Tennessee

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HOPE scholarship does not guarantee admission to an eligible postsecondary institution.

(b) Tennessee HOPE scholarship students shall be enrolled as full-time students at an eligible postsecondary institution.

§ 49-4-913.

(a) Except as set forth in subsection (b) of this section and §§ 49-4-918 and 49-4-919, a student may receive a Tennessee HOPE scholarship until the first of the following events:

(1) The student has earned a baccalaureate degree;

(2) The student has attempted at any postsecondary institution a total one hundred twenty (120) semester hours; or

(3) Five (5) years from the date of the student's initial enrollment at any postsecondary institution have passed.

(b) A student enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length is eligible to receive a Tennessee HOPE scholarship until the first of the following events:

(1) The student has earned a baccalaureate degree;

(2) The student has attempted at any postsecondary institution a total of one hundred thirty-six (136) semester hours; or

(3) Five (5) years from the date of the student's initial enrollment at any postsecondary institution have passed.

§ 49-4-914.

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(a) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a Tennessee HOPE scholarship awarded to a student attending an eligible public four-year postsecondary institution shall be four thousand dollars (\$4,000) for an academic year or tuition and mandatory fees for an academic year, whichever is less.

(b) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a Tennessee HOPE scholarship awarded to a student attending an eligible public two-year postsecondary institution shall be two thousand dollars (\$2,000) for an academic year or tuition and mandatory fees for an academic year, whichever is less.

(c) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a Tennessee HOPE scholarship awarded to a student attending an eligible four-year independent postsecondary institution shall be two thousand dollars (\$2,000) for an academic year or tuition and mandatory fees for an academic year, whichever is less.

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(d) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a Tennessee HOPE scholarship awarded to a student attending an eligible two-year independent postsecondary institution shall be one thousand dollars (\$1,000) for an academic year or tuition and mandatory fees for an academic year, whichever is less.

§ 49-4-915.

A student receiving a Tennessee HOPE scholarship whose adjusted gross income does not exceed thirty-six thousand dollars (\$36,000) shall receive the Tennessee HOPE scholarship award and a supplemental award of one thousand dollars (\$1,000) for each academic year. The student's adjusted gross income shall be reviewed each academic year to determine continuing eligibility for the supplemental award. Both the Tennessee HOPE scholarship and the supplemental award are subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state.

§ 49-4-916.

(a) To be eligible for a General Assembly Merit Scholarship, a student shall meet all requirements for a Tennessee HOPE scholarship, except that there shall be no limitation on adjusted gross income attributable to the student.

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(b) To be eligible for a General Assembly Merit Scholarship, a student who is an entering freshman seeking an associate or baccalaureate degree at an eligible postsecondary institution shall:

(1) Graduate from an eligible high school after January 1, 2004, upon having met all curriculum requirements of the high school for graduation;

(2) Achieve a final overall unweighted high school grade point average of at least 3.75;

(3) Achieve a final unweighted grade point average of at least 3.75 in the college core curriculum. Such grade point average shall be calculated using all college core courses taken by the student;

(4) Attain a composite ACT score of 29 on any single ACT test date or a combined SAT score of 1280 on any single SAT test date; and

(5) Apply for a General Assembly Merit Scholarship and file a FAFSA in the senior year of high school.

(c) A student, who receives a General Assembly Merit Scholarship as an entering freshman shall continue to be eligible for a General Assembly Merit Scholarship, if the student meets all requirements of § 49-4-911 for continuation of a Tennessee HOPE scholarship, except that there shall be no limitation on adjusted gross income attributable to the student.

(d) To be eligible for a General Assembly Merit Scholarship, a student, who graduated from an eligible high school after January 1, 2003, but prior to



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January 1, 2004, and who is seeking an associate or baccalaureate degree shall have, prior to entering a postsecondary institution:

(1) Achieved a final overall unweighted high school grade point average of at least 3.75;

(2) Achieved a final unweighted high school grade point average of at least 3.75 in the college core curriculum. Such grade point average shall be calculated using all college core courses taken by the student; and

(3) Attained a composite ACT score of 29 on any single ACT test date or a combined SAT score of 1280 on any single SAT test date.

Such student shall attend an eligible postsecondary institution or a postsecondary institution located outside of Tennessee accredited by a regional accrediting agency for the freshman year without a General Assembly Merit Scholarship. Such student shall apply for the General Assembly Merit Scholarship and file a FAFSA in the year following graduation from high school and while the student is a freshman at a postsecondary institution. The student shall have a cumulative grade point average of at least 2.75 at the end of the semester in which the student has attempted a total of twenty-four (24) semester hours to receive a Tennessee HOPE scholarship award and a General Assembly Merit Scholar supplemental award for the next academic year. To continue to receive the General Assembly Merit Scholarship, the student shall continue to meet all eligibility requirements for a Tennessee HOPE scholarship, except that

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there shall be no limitation on the student's adjusted gross income, and meet the continuation requirements of § 49-4-911. No retroactive award of a General Assembly Merit Scholarship shall be made under this subsection.

(e) If a student receiving a General Assembly Merit Scholarship ceases to be eligible for the General Assembly Merit Scholarship at any time, the student shall not be able to regain either the Tennessee HOPE scholarship award or the General Assembly Merit Scholar supplemental award.

(f) A student who meets the requirements for a General Assembly Merit Scholarship shall receive a Tennessee HOPE scholarship award under § 49-4-914 and a General Assembly Merit Scholar supplemental award of one thousand dollars (\$1,000) for an academic year. Both the Tennessee HOPE scholarship award and the supplemental award are subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state.

§ 49-4-917.

Students may receive either the supplemental award under § 49-4-915 or the supplemental award as a General Assembly Merit Scholar, but not both.

§ 49-4-918.

(a) A student, who within two (2) years after the student graduates from high school, completes a home school program meeting all requirements of § 49-6-3050, or obtains a GED, enters the United States Armed Services prior to

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entering a postsecondary institution may apply for a Tennessee HOPE scholarship within seven (7) years of the student's date of entry into military service; provided, however, that if the student is honorably discharged from military service before applying for a Tennessee HOPE scholarship, then the student shall apply for a scholarship within one (1) year of the date of honorable discharge or within seven (7) years of the student's date of entry into military service, whichever occurs first.

(b) Such student may apply as an entering freshman, if the student graduated from an eligible high school and the student meets all requirements of § 49-4-907, except that the student need not meet the requirement of applying for the scholarship and filing a FAFSA in the senior year of high school.

(c) All other students applying under this section shall meet the requirements of § 49-4-908, except the requirement of enrolling in a postsecondary institution within six (6) months of completing a home school program, obtaining a GED, or graduating from a high school located in Tennessee that is not an eligible high school. Such student shall be eligible for a retroactive award of a Tennessee HOPE scholarship for the freshman year.

(d) To continue to receive the scholarship, the student shall maintain satisfactory academic progress in accordance with the standards and practices used for federal Title IV programs by the institution at which the student is enrolled, shall continue to meet all eligibility requirements, shall reapply and file a

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FAFSA with TSAC each academic year, and shall meet the continuation requirements of § 49-4-911.

(e) This section shall not apply to any person who is dishonorably discharged from military service.

§ 49-4-919.

A Tennessee HOPE scholarship student who has an approved medical or personal leave of absence from an eligible postsecondary institution may continue to receive the scholarship upon resuming education at an eligible postsecondary institution so long as the student continues to meet all applicable eligibility requirements. Such student shall be eligible for the scholarship until the first of the following events:

(1) The student has earned a baccalaureate degree;

(2) The student has attempted at any postsecondary institution a total of one hundred twenty (120) semester hours, or if the student is enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length, one hundred thirty-six (136) semester hours; or

(3) The sum of the number of years the student attended a postsecondary institution prior to the leave of absence and the number of years of attendance after the leave of absence equals five (5) years.

§ 49-4-920.

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(a) To be eligible for a Wilder-Naifeh technical skills grant, a student seeking a diploma or certificate at a Tennessee Technology Center operated by the board of regents of the state university and community college system shall:

(1) Meet the requirements of §§ 49-4-904 and 49-4-905(a);

(2) Be admitted to the institution in a program of study leading to a certificate or diploma; and

(3) Have not, at any time, been the recipient of a Tennessee HOPE scholarship.

(b) No minimum number of hours of enrollment is required for eligibility for a Wilder-Naifeh technical skills grant under this section, but a student receiving a grant shall maintain satisfactory academic progress in accordance with the standards and practices used for federal Title IV programs by the institution at which the student is enrolled to continue the grant. If a student fails to maintain satisfactory academic progress, then the student shall lose the Wilder-Naifeh technical skills grant. Once a student loses a Wilder-Naifeh technical skills grant, no additional award under this section shall be made.

(c) Until receipt of the certificate or diploma, a student shall reapply each academic year for the Wilder-Naifeh technical skills grant and file a FAFSA with TSAC.

(d) An eligible student may receive a Wilder-Naifeh technical skills grant for all course work required by the institution for a program of study leading to a

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**Amendment No. 1 to SB0437**

**McNally**  
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**House Bill No. 787**

certificate or diploma. Wilder-Naifeh technical skills grants may not be used for continuing education courses.

(e) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a Wilder-Naifeh technical skills grant awarded under this section shall be fifteen hundred (\$1,500) for an academic year or tuition and mandatory fees for attendance in the program of study for the academic year, whichever is less.

(f) No student shall be eligible for more than one (1) Wilder-Naifeh technical skills grant.

§ 49-4-921.

The award of a Tennessee HOPE scholarship or Wilder-Naifeh technical skills grant in combination with financial aid from all other sources shall not exceed the institutionally defined total cost of education at the eligible postsecondary institution the scholarship recipient is attending.

§ 49-4-922.

Scholarships or grants to be awarded under this part shall not commence prior to the fall semester of 2004.

§ 49-4-923.

(a) TSAC is authorized to promulgate rules and regulations to establish deadlines for applications, appeal procedures for the denial or revocation of scholarships and grants, and otherwise effectuate the purposes of this part. All

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such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act compiled at title 4, chapter 5.

(b) THEC is authorized to promulgate rules and regulations to effectuate the purposes of this part. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act compiled at title 4, chapter 5.

(c) Costs incurred by TSAC and THEC in administering the educational programs created under this part, which provide financial assistance to enable citizens of this state to attend postsecondary educational institutions, shall be funded from the lottery for education account as part of such programs.

SECTION 2. The provisions of this act providing for postsecondary financial assistance from the net proceeds of lottery games operated by the state shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.